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OFFICE OF
INSURANCE COMMISSIONER

Technical Advisory - Technical Assistance Advisory T 99-2

October 18, 1999

Attn: All Health Carriers

Subject: [New rules governing provider relations](#)

From: Insurance Commissioner Deborah Senn

Health plans sold to the public are only as valuable as the health care network consumers must use. Continued dissatisfaction in the health care community will result in doctors and other health care professionals leaving these networks. Recent turmoil in the health care community caused by lopsided contracts that favor carriers should be reviewed as soon as possible to reduce the frustration and anger among providers.

By July of next year, all new health care provider and facility contracts must incorporate prompt payment standards. Nevertheless, health carriers should make every effort to comply with these new standards as soon as possible to resolve the long simmering frustration with unnecessary delay in claim payments. The extended time period for compliance was adopted in deference to those carriers whose systems are incapable of rapid change. Such circumstances are not true for all carriers.

In addition, carriers should immediately take steps to improve communications with their providers. Many of the problems addressed by the provider contracting rules arise out of poor communication by carriers. Health carriers should clearly describe the grounds and underlying reasons for rejection of claims. Carriers should improve the notice given to providers of changes in procedures along with explanations for these changes. Carriers should make greater efforts to include network providers in health care decisions and in the development of health care utilization standards.

Finally, carriers should review their standards for dispute resolution to ensure a process that providers will view as fair. It is not enough to simply have a process. The purpose of dispute resolution processes is to fairly respond to complaints before the complaint becomes a major problem. Many contracts that my office has reviewed can only lead to a conclusion that carriers are interested in winning disputes rather than resolving them. The new rules do not incorporate detailed standards for dispute resolution in order to give carriers the opportunity to develop better ones with the input from network providers.